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Message Text

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14
ACTION IO-13

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E.O. 11652: N/A
TAGS: AORG, AFIN, UN
SUBJECT: UN FINANCES-COMMITTEE ON THE FINANCIAL EMERGENCY

REF: A. USUN 2833; B. USUN 2657; C. USUN 2548

1. KEMAL (PAKISTAN) HAS GIVEN US COPY OF WHAT IS CALLED QUOTE GUIDELINES OF A POSSIBLE PACKAGE SOLUTION OF THE FINANCIAL PROBLEMS OF THE ORGANIZATION UNQUTE, THE SUBSTANCE OF WHICH IS A SLIGHTLY DIFFERENT VERSION OF HIS QTE FINANCIAL ACCORD UNQUOTE WHICH WENT THROUGH SEVERAL DRAFTS. IN FORM IT IS A REPORT OF AN ELEVEN-NATION QTE AD HOC WORKING GROUP OF 77 UNQUOTE TO THE GROUP OF 77 ITSELF. ASSUMING IT IS APPROVED BY THE FULL G-77, IT WILL BE GIVEN TO CHAIRMAN BOATEN (GHANA) OF THE NEGOTIATING COMMITTEE ON THE FINANCIAL EMERGENCY AS THE GROUP'S CONTRIBUTION TO THE PAPER BOATEN IS PLANNING TO PREPARE AS THE BASIS FOR NEGOTIATIONS. KEMAL SAID THE TERM QTE GUIDELINES UNQUOTE HAD BEEN USED BECAUSE MANY MEMBERS OF THE G-77 FEARED SOMETHING AS FORMAL-SOUNDING AS A RESOLUTION.

2. NOTEWORTHY NEW FEATURES IN THE GUIDELINES PAPER (POUCHED TO IO/HENNES) INCLUDE:
(A) THE COMMENT THAT IF MOST MEMBER STATES PARTICULARLY THE MAJOR CONTRIBUTORS, WERE TO PAY THEIR FULL CONTRIBUTIONS EACH YEAR IN FEBRUARY, THE UN COULD EARN UP TO $10 MILLION ANNUALLY IN
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INTEREST INSTEAD OF THE PRESENT $200-250 THOUSAND, AND THAT

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THIS WOULD BE A KEY TO SOLVING OTHER PROBLEMS.
(B) SOME FURTHER ELABORATION OF THE PROPOSAL TO PUT BOND AMORTI-
ZATION INTO A SPECIAL ACCOUNT. IT IS PROPOSED THAT BOND PAYMENTS
BE COVERED BY EVENTUAL SAVINGS IN THE BUDGET AND BY INCOME.
(KEMAL SAID HE HAS BEEN AT PAINS TO STRESS TO HIS G-77 PARTNERS
THAT THE BOND PROVISION IS THE CENTERPIECE OF HIS PROPOSAL).
(C) INSTEAD OF BEING TRANSFERRED FROM THE REGULAR BUDGET, THE
PRESENT TECHNICAL ASSISTANCE PROGRAM IS TO BE QTE STRENGTHENED
UNQUOTE. AND INCREASED FLOW OF RESOURCES SHOULD BE ENCOURAGED,
THEIR USE ENHANCED, AND THEIR AVAILABILITY ENSURED.
(D) THE QTE NO REAL GROWTH UNQUOTE CONCEPT FOR THE 1978-9
BUDGET HAS BEEN REPLACED BY THE PRINCIPLE THAT AN APPROPRIATE LEVEL
SHOULD BE FIXED FOR THAT PERIOD, WHICH SHOULD TAKE INTO ACCOUNT
INFLATION, CURRENCY ADJUSTMENTS, AND FINANCIAL IMPLICATIONS
OF INTER-GOVERNMENTAL DECISIONS. (KEMAL SAID HE KNEW SOVIETS
WOULD REJECT THIS, BUT THEN IT WOULD BE EASIER TO PERSUADE
G-77 TO MOVE BACK TOWARD EARLIER LANGUAGE).

3. KEMAL DID NOT APPEAR TO HARBOR ANY ILLUSIONS THAT WE WOULD
FIND HIS GUIDELINESANY MORE ATTRACTIVE THAN HIS EARLIER PAPERS.
WHAT HE DID DO WAS TRY A NEW APPROACH TO STIMULATE SOME
MOVEMENT ON OUR PART. HE SAID THE WORD WAS GOING AROUND
THE SECRETARIATTHAT THE AMERICANS WOULD NOT NEGOTIATE
SERIOUSLY ON THE UN FINANCIAL PROBLEM IN A PRESIDENTIAL ELECTION
YEAR. SURELY, HE ASKED, YOU DO NOT WANT THE ONUS OF BLOCKING
AN AGREEMENT. WE TOLD HIM US POLITICS HAVE NO EFFECT ON
THIS PARTICULAR PROBLEM, AND REAL QUESTION IS WHETHER SOVIETS
ARE PREPARED TO NEGOTIATE SERIOUSLY.

4. MISSION RECOMMENDS THAT THE COMMENTS WE PROVIDE CHAIRMAN
BOATEN PURSUANT TO HIS RECENT REQUEST (REFTEL A) MAKE IT
CLEAR THAT THE BURDEN IN THE FIRST INSTANCE IS
SQUARELY UPON THOS RESPONSIBLE FOR THE DEFICIT (I.E., PRIMARILY
THE USSR) TO INDICATE WHAT THEY WILL DO TO REMEDY THE SITUATION.

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